

What is it – in short

The Autumn Budget is an annual statement that sets out the UK government's planned spending and revenue gathering for the foreseeable future. The Autumn Budget is one of two major financial announcements given in a financial year, and has various implications for both individuals and organisations.

What are the changes?

Our colleagues at NAVCA (National Association for Voluntary and Community Action) have created a summary that we've pulled key information from below:

- National Living Wage to rise by 6.7% to £12.21 from April 2025. The National Minimum Wage for 18 to 20-year-olds will rise to £10 per hour (16.3% increase)
- The employer national insurance contribution [NIC] will increase by 1.2%, from 13.8% to 15% from April 2025. The threshold above which employer NIC is paid will be reduced to £5000 from £9100.*
- £1Bn for Household Support Fund and Discretionary Housing Payments.
- The budget for local government has increased by £1.3Bn primarily through additional funding for social care and for homelessness/rough sleeping.
- There will be a £22.6Bn increase for day-to-day spending for the NHS and an increase of £3.1Bn in the capital budget for 2024-25 and 2025-26.

**However, it is worth noting that for small organisations there will be an increase in the Employment Allowance threshold. The current level is £5000, increased to £10,500 from April next year. The £100,000 threshold on organisation's NIC is also being removed which means an estimated 865,000 organisations won't pay any NIC at all. So seek advice early on whether this will apply to your organisation! <https://www.gov.uk/claim-employment-allowance>*

How might this affect me and my organisation?

Again, our colleagues at NAVCA have provided some more specific information on these changes are likely to affect the VCSE sector, which we've pulled from here:

Whilst the increase in National Living Wage will make a positive and very welcome difference for many millions of low-paid workers, particularly those aged 18-20, for the VCSE sector this poses two issues. Firstly, increases in salary and National Insurance costs will not be covered within existing grants and contracts. Secondly, this further reduces the differential in pay between roles that are paid National Living Wage, with roles attracting salaries of £23-27,000 per annum. This is unlikely to aid continuing recruitment challenges.

The costs of increased employer national insurance contributions are likely to be reflected in reduced wage increases over the next couple of years, contributing to continued pressure on overall household income for many employees.

The significant injection of additional spending into the NHS is extremely welcome. The change in approach, from hospital to community, sickness to prevention, and from analogue to digital will require a sizeable contribution from the VCSE sector and local infrastructure, which needs to be fully funded and resourced.

Local government has done comparatively well from this budget, although many local authorities will still face significant budgetary pressures. The additional funding will bring some limited relief, and we look forward to learning more about government plans to support local authorities in most difficulty, and reforms that will return the sector to a sustainable financial position.